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September 30, 2016

Daniel Alvarez
Secretary of the Senate
State Capitol, Room 3044
Sacramento, CA 95814

E. Dotson Wilson
Chief Clerk of the Assembly
State Capitol, Room 3196
Sacramento, CA 95814

Diane Boyer-Vine
Legislative Counsel
State Capitol, Room 3021
Sacramento, CA 95814

RE: California State University Expenditures for Undergraduate Education, Graduate Academic Education, and Research Activities

As required by Section 89290 of the Education Code, the following reports the California State University (CSU) total operating budget expenditures for education by fund source for undergraduate, graduate-academic, and research activities. The report disaggregates this information, as required, for the health sciences disciplines group, the science, technology, engineering, and mathematics (STEM) disciplines group, postbaccalaureate teacher education, and all other disciplines.

This report is also posted at www.calstate.edu/budget/fybudget/legislative-reports/ .

CSU Campuses

Bakersfield
Channel Islands
Chico
Dominguez Hills
East Bay

Fresno

Fullerton
Humboldt
Long Beach
Los Angeles
Maritime Academy

Monterey Bay

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Pomona
Sacramento
San Bernardino
San Diego

San Francisco

San José
San Luis Obispo
San Marcos
Sonoma
Stanislaus

CSU Report: California State University, Expenditures for Undergraduate and Graduate Instruction and Research Activities

September 30, 2016

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Should you have any questions about this report, please contact Ryan Storm, Assistant Vice Chancellor for Budget at rstorm@calstate.edu or (916) 449-3542.

Sincerely,



Steve Reylea
Executive Vice Chancellor and
Chief Financial Officer

SR:dr

- c: Mark Leno, Chair, Joint Legislative Budget Committee
Members, California State Legislature
Michael Cohen, Director, Department of Finance
Mac Taylor, Legislative Analyst
Timothy P. White, Chancellor, California State University
Loren Blanchard, Executive Vice Chancellor and Chief Academic Officer
Garrett Ashley, Vice Chancellor, University Relations and Advancement
Ryan Storm, Assistant Vice Chancellor for Budget
Kathleen Chavira, Assistant Vice Chancellor, Advocacy and State Relations
Kara Perkins, Executive Budget Director

**Biennial Report to the California Legislature
and Department of Finance
October 1, 2016**

**California State University Expenditures for Undergraduate
Education, and Graduate Academic Education, and
Research Activities**

as reported for the 2014-15 Fiscal Year

Introduction

As required by Section 89290 of the Education Code, the California State University (CSU) must report on total operating expenditures for education by fund source for undergraduate education, graduate academic education, graduate professional education, and research activities. The legislation also requires the CSU to disaggregate the expenditure information by discipline categories including health sciences; science, technology, engineering, and mathematics (STEM); post baccalaureate teacher education; and all other disciplines.

The first report was delivered to the Legislature and the Department of Finance in 2014 based on the 2012-13 fiscal year. This is the second report and provides data on the 2014-15 fiscal year. The law requires biennial reports on October 1 of each even-numbered year. For any report submitted before January 2017, the costs shall be reported on a systemwide basis. After January 2017, the costs shall be reported on both a systemwide and campus-by-campus basis based on the methodology developed by the National Association of College and University Business Officers in its February 2002 report, Explaining College Costs and other methodologies determined by the university.

It is important to note that the economic recovery that began in 2011-12 has allowed the CSU to re-invest in critical areas including enrollment growth, student success initiatives, salary increases for faculty and staff and critical infrastructure needs. Areas that all suffered during the recession that started in 2008-09.

In the two years since the first report, total cost of education has increased by just over \$1,000 per FTES. The general fund increases from the state have primarily gone to cover mandatory cost increases such as health benefits rate changes and other salary related benefits, as well as salary increases for faculty and staff. This is balanced with improved efficiencies in CSU operations, innovations in the delivery of CSU instructional and operational services, and the state's expectation that student tuition remain frozen at 2011-12 levels through the 2016-17 fiscal year.

California State University Expenditures for Undergraduate Education,
Graduate Academic Education, and Research Activities

Expenditure Report Data

This report identifies CSU expenditures for education for fiscal year 2014-15. This information is consistent with performance and expenditure data provided in the March 2016 report to the legislature required by Education Code 89295. CSU does not have graduate professional education degree programs as defined by the National Center for Education Statistics.

The data in the tables that follow are based upon:

- 2014-15 CSU actual academic planning data by undergraduate and graduate education
- 2014-15 actual financial expenditure and revenue data reported by campuses in the CSU systemwide financial data warehouse
- State-support course sections offered in the specified disciplines
- Mapping and identification of:
 - CSU academic and financial department codes
 - CSU academic database teacher credential courses
 - Health Sciences courses
 - STEM courses, as defined by the National Science Foundation
- Instruction and Student Services program expenditures as direct discipline expenses for education as specified by Integrated Postsecondary Education Data System (IPEDS) reporting used by the National Center for Education Statistics
- Indirect expenditures are distributed by full-time equivalent student (FTES), further adjusted by a 1.4 weighting factor for health sciences and STEM disciplines to reflect higher program costs. Thus, for every dollar distributed to teacher education and other disciplines, \$1.40 is distributed to health sciences and STEM disciplines.
- A 1.25 weighting factor is used for the distribution of CSU expenditures to graduate academic education
(For funding purposes, a graduate FTE is equivalent to 12 units per term while an undergraduate and teacher credential FTE is equivalent 15 units per term, a 1.25 graduate FTE weighting factor)

Expenditures for Undergraduate Education, Graduate Academic Education,
and Research Activities by Fund Source

Table 1 displays total discipline expenditures for all students distributed by funding source. Expenditures per FTES information is provided for comparison purposes only.

Table 2 displays total discipline expenditures by undergraduate, graduate academic, and post baccalaureate teacher education, and research activities.

California State University Expenditures for Undergraduate Education,
Graduate Academic Education, and Research Activities

TABLE 1

2014/15 Total Expenditures Distributed (in 000s)					
Discipline	State General Fund	Systemwide Tuition Revenue	Non-resident tuition and other fee revenue	Total	Total Expenditures Per FTES
Health Sciences	\$128,967	\$89,685	\$26,504	\$245,156	\$14,602
STEM	785,344	546,139	161,396	1,492,879	\$13,740
Postbacc Teacher Education	68,272	47,477	14,031	129,780	\$14,333
All Other Disciplines	1,474,225	1,025,196	302,969	2,802,390	\$11,419
Research	0	0	13,028	13,028	
Total	\$2,456,808	\$1,708,498	\$517,927	\$4,683,234	\$12,327

California State University Expenditures for Undergraduate Education, Graduate Academic Education, and Research Activities

Table 2

CSU Expenditures for Education FY 2014-15
(Dollars in Thousands)

	Undergraduate				Postbacc Teacher Education				Graduate			
	State General Fund	Systemwide Tuition Fee Revenue	Revenue from Non-resident tuition and other fees	Total	State General Fund	Systemwide Tuition Fee Revenue	Revenue from Non-resident tuition and other fees	Total	State General Fund	Systemwide Tuition Fee Revenue	Revenue from Non-resident tuition and other fees	Total
Health Sciences	\$91,820	\$63,853	\$18,870	\$174,543					\$37,147	\$25,832	\$7,634	\$70,613
STEM	711,655	494,895	146,253	1,352,803					73,689	51,244	15,144	140,076
Postbacc Teacher Education					68,272	47,477	14,031	129,780				
All Other Disciplines	1,335,991	929,067	274,560	2,539,618					138,234	96,130	28,409	262,772
Research			11,658	11,658							1,370	1,370
Total	\$2,139,467	\$1,487,814	\$451,341	\$4,078,622	\$68,272	\$47,477	\$14,031	\$129,780	\$249,069	\$173,206	\$52,556	\$474,832